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Deputy Assistant Director,
Research and Reports

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Chief, Economic Research Area

Comments on Proposed US-USSR Industrial Management Exchange

1. The degree of importance which would be attached to an exchange of this type by the Economic Research Area is contingent upon several factors which are discussed below. If these factors were resolved satisfactorily, such an exchange could prove to be of some value.
2. It is suggested that Paragraph I., A., C., "Criteria for judging the success or failure of management", be expanded to include responsibilities of management, rewards of management, and the relationship between the rewards and the criteria (i.e., questions of incentives). In general we are concerned less with routine operational problems and more with the authority of managers to make decisions, particularly in regard to the criteria by which decisions are made that directly affect research and development, investment, and production. This is a matter of importance on which we would like to acquire more information. A key factor in the success of an industrial management exchange would be acceptance by the Soviets of a program which included the question of incentives.
3. In our experience to date, it generally has been found more satisfactory to develop this type of information in substantive exchanges that deal directly with the problems of particular industries, such as electronics, instruments, metal working, and the like.
4. Data in Soviet open sources concerning management at the enterprise level have been exploited in academic and intelligence research. At the present time, the focus of our interest is oriented more toward the higher levels of Soviet management such as the regional economic councils, the councils of ministers, the state advisory committees which have replaced certain of the ministries (aviation, defense, shipbuilding, and electronics), the gosplans, and the state statistical administration.

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5. It is felt that the success of an industrial management exchange would depend largely upon the type of sponsorship of the exchange and the composition of the delegation. Messrs. Joseph [REDACTED] are recommended as able representatives from the academic world in this field. Both men have published reports on Soviet industrial management.

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